IN THE CLAIMS

Please cancel claims 36-37 without prejudice.

1.   (Original) In an electronic auction wherein an award for a given auction round is allocated amongst a plurality of highest ranked bidders including at least a first ranked bidder and a second ranked bidder, a method for providing an incentive to the first ranked bidder and the second ranked bidder to each improve their respective bids during the conducting of the auction, comprising:

(a) adopting a formula for allocating the award amongst at least the first ranked bidder and the second ranked bidder, wherein a factor of the formula is an actual bid differential between a bid of the first ranked bidder and a bid of the second ranked bidder, and wherein application of the formula to bids of the first and second ranked bidders causes a first portion of the award allocated to the first ranked bidder to increase, and a second portion of the award allocated to the second ranked bidder to decrease as a magnitude of the actual bid differential increases;

(b) conducting the electronic auction; and

(c) allocating the award between at least the first and second ranked bidders in accordance with the formula and the bids of the first and second ranked bidders.

2.   (Original) The method of claim 1, wherein step (A) further comprises:

prior to step (B), determining a range of volume to be allocated to the first bidder; and prior to step (B), formulating the formula based on the range of volume to be allocated to the first bidder and a differential bid range.

3.   (Original) The method of claim 2, wherein

a sum of the first and second portions allocated to the first ranked bidder and second ranked bidder, respectively, corresponds to a total volume of the award.

4.   (Original) The method of claim 1, wherein

the plurality of highest ranked bidders includes at least a third ranked bidder, wherein step (C) further comprises:

allocating the award between the first, second and third ranked bidders in accordance with the formula and the best bids of the first, second and third ranked bidders; wherein a sum of the first and second portions allocated to the first ranked bidder and the second ranked bidder, respectively, and a third portion allocated to the third ranked bidder corresponds to a total volume of the award.

5.   (Original) The method of claim 3 or 4, wherein

the total volume is a range of volumes.

6.   (Original) The method of claim 5, wherein

the total volume varies in relation to a bid placed by at least one bidder.

7. (Original) The method of claim 5, further comprising

applying a factor based on at least one bid received during the auction to a

predetermined total volume range to calculate the total volume.

8. (Original) The method of claim 1, wherein

the first portion to be allocated to the first bidder is a volume of goods.

9. (Original) The method of claim 1, wherein

the first portion to be allocated to the first bidder is a volume of services.

10. (Original) The method of claim 1, further comprising

displaying market feedback to at least one bidder during step (B).

11. (Original) The method of claim 10, wherein

the at least one bidder is a leading bidder.

12. (Original) The method of claim 10, further comprising:

allocating volume to at least two bidders during the auction in accordance

with the formula; and

wherein the market feedback is provided to all bidders, and includes

information representing the volume allocated to each of the at least two bidders.

13.   (Original) The method of claim 10, wherein

the market feedback includes a volume allocated to a given bidder in

accordance with the formula.

14.   (Original) The method of claim 13, wherein

the volume to be allocated to the given bidder is provided only to the

given bidder during the auction.

15.   (Original) The method of claim 13, wherein

the volume to be allocated to the given bidder is provided to a further

bidder during the auction.

16.   (Original) The method of claim 1, wherein said formula further includes:

a range of volume to be allocated to the first ranked bidder equal to a

difference between a predetermined minimum volume to be allocated to the first

ranked bidder and

a predetermined maximum volume to be allocated to the first ranked

bidder; a differential bid range that corresponds to a predetermined differential

bid amount.

17.   (Original) The method of claim 16, wherein

the predetermined differential bid amount is a maximum amount by

which an auction sponsor contemplates that the first ranked bidder may bid better than the second ranked bidder.

18.   (Original) The method of claim 17, wherein the predetermined differential bid amount is formed by:

establishing a high differential that is equal to a difference between a bid placed by the first ranked bidder and a bid placed by a second bidder that corresponds to an award of the predetermined maximum volume to the first bidder;

establishing a low differential that is equal to a difference between a bid placed by the first bidder and a bid placed by the second bidder that corresponds to an award of the predetermined minimum volume to the first bidder; and

subtracting the low differential from the high differential to arrive at the predetermined differential bid amount.

19.   (Original) The method of claim 1, wherein the formula is determined by:

calculating a bid differential factor by dividing the actual bid differential by a difference between a highest expected bid differential and a lowest expected bid differential;

multiplying the bid differential factor by a difference between a maximum amount to be awarded to a first ranked bidder and a minimum amount to be awarded to the first ranked bidder to arrive at a product; and

adding the minimum amount to be awarded to a first ranked bidder to the

product.

20.   (Original) The method of claim 1, wherein

the bidders are electronically coupled to an auction coordinator during the

conducting of the auction.

21.   (Original) The method of claim 20, wherein

the bidders submit bids to the auction coordinator online during the

conducting of the auction.

22.   (Original) The method of claim 1, wherein

the auction is a reverse auction.

23.   (Original) The method of claim 1, wherein

the auction is a forward auction.

24.   (Original) The method of claim 1, further comprising

soliciting potential bidders.

25.   (Original) The method of claim 24, wherein soliciting potential bidders

includes:

preparing a request for quotation;

providing the request for quotation to potential bidders; and

requesting that potential bidders respond to the request for quotation.

26.   (Original) The method of claim 25, wherein

said request for quotation includes an identification of goods to be

purchased.

27.   (Original) The method of claim 25, wherein

said request for quotation includes an identification of services to be

purchased.

28.   (Original) The method of claim 1, wherein

the first portion to be allocated is expressed in percent.

29.   (Original) The method of claim 1, wherein

the first portion to be allocated is expressed as a quantity.

30.   (Original) The method of claim 1, further comprising

determining a range of volume to be allocated to the first ranked bidder

by limiting the range to a capacity of the first ranked bidder.

31.   (Original) In an electronic auction wherein

an award for a given auction round is allocated amongst a plurality of

highest ranked bidders including at least a first ranked bidder and a second

ranked bidder, a system for providing an incentive to the first ranked bidder and the second ranked bidder to each improve their respective bids during the conducting of the auction, comprising: a sponsor processor; a first bidder processor communicating with said sponsor processor; and a second bidder processor communicating with said sponsor processor; wherein said sponsor processor contains instructions which, when executed by said processor, cause said processor to:

(A) conduct the electronic auction; and

(B) allocate the award between at least the first and second ranked bidders in accordance with a formula and the bids of the first and second ranked bidders; wherein a factor of the formula is an actual bid differential between a bid of the first ranked bidder and a bid of the second ranked bidder, and wherein application of the formula to bids of the first and second ranked bidders causes a first portion of the award allocated to the first ranked bidder to increase and a second portion of the award allocated to the second ranked bidder to decrease as a magnitude of the actual bid differential increases.

32.   (Original) The system of claim 31, wherein

said first bidder processor and said second bidder processor communicate through an auction coordinator.

33.   (Original) The system of claim 31, wherein said

first bidder processor and said second bidder processor communicate

through the Internet.

34.   (Original) A computer readable medium having stored thereon

instructions for conducting an electronic auction wherein an award for a given

auction round is allocated amongst a plurality of highest ranked bidders

including at least a first ranked bidder and a second ranked bidder, the auction

having rules that provide an incentive to the first ranked bidder to each improve

their respective bids during the conducting of the auction, wherein the

instructions, when executed by a processor, cause the processor to:

(A) conduct the electronic auction;

(B) allocate the award between at least the first and second ranked bidders

in accordance with a formula and the bids of the first and second ranked bidders;

wherein a factor of the formula is an actual bid differential between a bid of the

first ranked bidder and a bid of the second ranked bidder,

and wherein application of the formula to bids of the first and second

ranked bidders causes a first portion of the award allocated to the first ranked

bidder to increase and a second portion of the award allocated to the second

ranked bidder to decrease as a magnitude of the actual bid differential increases.

35.   (Original) A bidding device operated by a bidder during an online auction

wherein

an award for a given auction round is allocated amongst a plurality of

highest ranked bidders including at least a first ranked bidder and a second

ranked bidder, the auction having rules that provide an incentive to the first

ranked bidder and the second ranked bidder to each improve their respective

bids during the conducting of the auction, said bidding device comprising

software that enables the bidder to submit bids to a sponsor processor during the

auction; wherein the sponsor processor conducts the electronic auction and

allocates the award between at least the first and second ranked bidders in

accordance with a formula and the bids of the first and second ranked bidders;

and wherein a factor of the formula is an actual bid differential between a bid of

the first ranked bidder and a bid of the second ranked bidder, and wherein

application of the formula to bids of the first and second ranked bidders causes a

first portion of the award allocated to the first ranked bidder to increase and a

second portion of the award allocated to the second ranked bidder to decrease as

a magnitude of the actual bid differential increases.

36 - 39.   (Canceled)